

EXHIBIT 19

Special Report

Generic Drugs

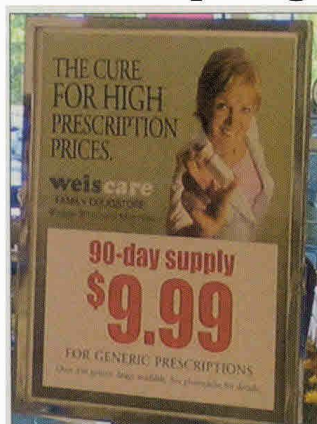
Discount generics programs flood retail

By LAURA KLEPACKI

A competitive retail trend to offer generic prescriptions at low-ball prices to consumers has turned into a juggernaut this year.

One of the last major holdouts, CVS Caremark, finally stepped onto the field with a program beginning Nov. 9 that offers a 90-day supply of 400 generics for \$9.99. To take advantage of the discounts, customers need to enroll in its Health Savings Pass program for an annual fee of \$10. Membership also grants a 10 percent discount to services at CVS' MinuteClinic health clinics to cash-paying patients.

Like many retailers, CVS chairman, president and chief executive officer Tom Ryan said its program is addressing the needs of the uninsured and underinsured. "The country is facing a very challenging economic environment. People are struggling with health-care costs," he said in a statement. "As the largest provider of pharmacy health care in the nation, we felt it was the



Weis Markets began offering a 90-day supply of generics for \$9.99 in October to compete with nearby mass retailers and to attract more mail-order pharmacy customers.

right time to offer consumers another way to make their health care more affordable."

The generics discounting all began in September 2006 when Wal-Mart decreed it wanted to "provide more affordable health care for America's

working families." Its then-new \$4 for a 30-day supply offer undercut an earlier program introduced by Kmart of a 90-day supply of select generics for \$15 (a price it has since reduced to \$10). Target immediately followed suit with its own plan. Meanwhile, the Rochester, N.Y.-based Wegmans supermarket chain also was an early adapter, with a program starting in October 2006.

Alongside discounters, low-cost generic plans are now de rigueur across the drug store and supermarket landscapes, with pharmacies at the nation's largest chains, such as Walgreens, Rite Aid, Kroger, Safeway and Albertsons, all on board. Costs vary from retailer to retailer, with some offering both 30-day and 90-day programs and others only 90-day supply plans. There also are automatic refill options. Retail prices generally range from \$4 to \$8.99 for a 30-day supply and from \$9.99 to \$15.99 for a 90-day supply. As with CVS, some retailers require nominal signup fees.

It seems the day of consumer concern over the safety and efficacy of generics is over. According to a study

released this year by the Deloitte Center for Health Solutions, 84 percent of Americans indicated they prefer generic drugs to branded drugs.

Retailers have begun to use the generic programs as promotional lures. Sunbury, Pa.-based Weis Markets, a 155-store supermarket chain with 118 pharmacies, introduced a 90-day supply for \$9.99 offer in October, following a test in 59 stores this summer. In its Tannersville, Pa., unit, a new 10-foot long banner with bold red letters has been hung in the entrance announcing the availability of \$9.99 generics. Within a five-mile drive, there is a Wal-Mart and Kmart competition from. Moreover, Weis hopes to draw mail-order customers.

"Our generic prescription plan offers strong savings and gives more choices to physicians and such customers as state and federal employees who often are limited to mail order," said Jeff Maltese, vice president of pharmacy for Weis. "Our 90-day generic prescription plan offers the best of both worlds: low prices in

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Generics market becomes international as M&A activity intensifies

By AMANDA BALTARZAR

There's a paradox in the drug industry; as more generic drugs appear on the market, there are fewer generic companies manufacturing them.

The last few years have seen a spate of consolidations and acquisitions, and the biggest merger news in the generics industry this year surely is Teva's proposed purchase of U.S. giant Barr Pharmaceuticals, which the Israeli company expected to complete by the end of the year.

Barr Pharmaceuticals is the fourth-largest generic drug company in the world, with a portfolio that offers generic versions of Zoloft depression drug and ADHD medication Adderall.

The combined company will operate in more than 60 countries and employ approximately 37,000 people worldwide.

It will have more than 500 currently marketed products; more than 200 ANDAs pending, with annual brand

sales of greater than \$120 billion, including approximately 70 first-to-file Paragraph IV challenges; and approximately 3,700 product registrations pending worldwide.

On a pro forma basis, 2007 revenues of the combined company would have been approximately \$11.9 billion.

The acquisition not only will boost Teva's product lineup, especially its specialty pharmaceutical platform with Barr's extensive women's health portfolio, but will also aid its Paragraph IV and first-to-file opportunities.

"This transaction will enable Teva to capitalize on Barr's portfolio of unique generic and proprietary products, benefit from our capabilities in biologics and expand its presence in important Central and Eastern European markets," said Bruce Downey, chairman and chief executive officer of Barr.

India also is seeing a spate of merger and acquisition activity, but this is only

the beginning, according to Glenmark chief executive officer, Glenn Saldanha, who believes that consolidation will continue as generic companies seek a broader array of drugs.

The increasing regulations the FDA puts into place also are making it more difficult for smaller companies to comply, he added.

For its part, Glenmark is planning to make acquisitions in the United States, as well as in Brazil, Russia, India and China.

Sun Pharma is one of the Indian companies looking at acquisition opportunities on American shores, although it may be hampered by its current litigious acquisition of Israeli company Taro.

According to Sun Pharma's chairman and managing director, Dilip Shanghvi, the company would look at businesses that would create additional value, but he gave no details on the size of these businesses.

Meanwhile, India's generic companies aren't just doing the acquir-

ing. Last month, Japan's third-largest drug company, Daiichi Sankyo, purchased 20 percent of Ranbaxy for \$4.1 billion. The purchase likely will be completed by the end of the year.

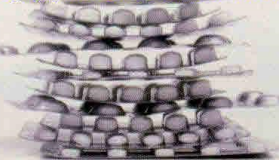
Daiichi Sankyo's goal is to enter the generic drug market to take advantage of growing sales and demand, said chief executive officer Takashi Shoda.

There will be considerable advantages to Ranbaxy, too.

"We expect to assimilate the available synergies of both partners to exponentially enhance the overall scope, scale and effectiveness of the business," said Malvinder Singh, chief executive officer.

"The substantial cash being infused by Daiichi Sankyo at this stage will be used to expand our business aggressively through the organic and inorganic routes while significantly strengthening our balance sheet, making it leveragable for newer initiatives."

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J.D. Power reports customers happy with flat-rate generics

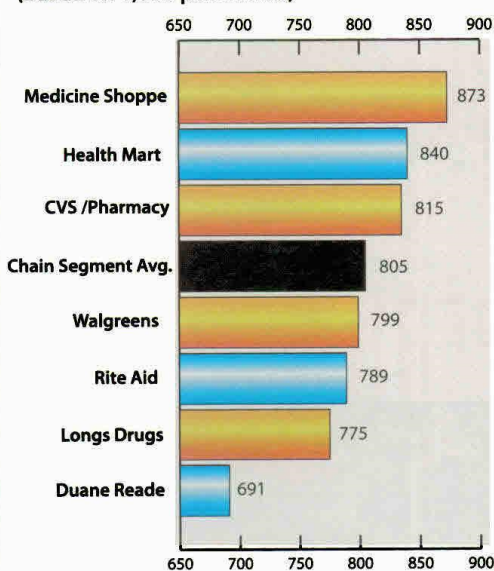
By ALARIC DEARMENT

WESTLAKE VILLAGE, Calif. — Retailers that offer patients flat-rate generic prescription-pricing programs leave their customers with relatively high levels of satisfaction, according to a recent report by J.D. Power and Associates.

The report, the result of an annual study that the research firm started last year, measured customers' satisfaction with pharmacies in two segments: brick-and-mortar and mail-order. It further divided the segments among types of retailers, including mail-order, chain, mass merchandisers and supermarkets in the West, Midwest, South and Northeast. It then ranked customer satisfaction according to a 1,000-point scale. The Web-based study took place between June and August and was based on responses from 15,163 consumers who filled a new prescription or refilled a prescription between March and May.

On average, the study found that satisfaction among customers at brick-and-mortar pharmacies was 826 points for those who participated in flat-rate prescrip-

Customer satisfaction index ranking chain segment (based on 1,000 point scale)



Source: J.D. Power and Associates 2008 National Power Survey

tion pricing programs, compared with 817 for those who did not.

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Discount

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a full-service retail pharmacy."

Rite Aid has been sending e-mail messages to customers informing them of its new Rx Savings Card, a program rolled out chainwide on Sept. 29 after a test in a five states. With the free card, shoppers have access to select generics for \$8.99 for a 30-day supply and \$15.99 for a 90-day supply. There also are discounts on other Rite Aid brand items, along with name-brand prescriptions.

In Walgreens' weekly circular for the week of Oct. 26, it looked to grab attention by running across the middle of the front page: "Generics for Less than a \$1 a Week" and instructing shoppers to "see inside for details."

Ralphs, ShopRite, Sav-Mor, Giant Eagle, Delhaize, Giant Food, Hy-Vee and Kerr Drug also are among the numerous retailers that

have introduced and/or expanded programs this year. In May, Wal-Mart announced phase three of its \$4-generic program, adding to it a 90-day \$10 plan, additional women's health medications and a \$4 OTC element.

Over time, retailers also have been beefing up their rosters of qualified pharmaceuticals. Although even now, lists are inflated with retailers frequently citing multiple dosages of the same drug. For instance, among some 350 generics listed by the Dierbergs supermarket chain, there are five versions of amitriptyline and 20 versions of amoxicillin. Rite Aid has 17 versions of amoxicillin posted.

Nonetheless, these offers have been attracting customers.

As of March 10, Wal-Mart reported \$4-generics now represent 40 percent of its prescriptions filled, and the chain's \$4 generic program already has saved Americans more than \$1 bil-

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REPORTERS Notebook

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The Food and Drug Administration has approved Dow Pharmaceutical Sciences' Acanya gel, the agency announced. The topical drug is approved for treating acne vulgaris in children and adults ages 12 and older. Its active ingredients are clindamycin phosphate and benzoyl peroxide.

The Food and Drug Administration has approved Teva Pharmaceuticals' fentanyl transdermal system, CII.

The drug is available as a patch with dosages of 25, 50, 75 and 100 micrograms in cartons containing five patches. It is a generic equivalent to Johnson & Johnson's Duragesic Transdermal System. Mylan also markets a generic version of the patches.

Nerviano Medical Sciences, which develops cancer drugs, has announced a multiyear collaboration with South San Francisco, Calif.-based Genentech to search for antibody drug compounds to develop anticancer drugs. It is the second agreement between Genentech and NMS in less than a year, NMS said.

Genentech will have exclusive rights to fully develop and commercialize licensed products, while NMS will primarily synthesize and manufacture drug reagents.

The Food and Drug Administration has approved Cypress Pharmaceutical's 1 mg/ml cetirizine hydrochloride oral solution.

The solution is a generic equivalent of Johnson & Johnson's Zyrtec oral solution, and the prescription version is approved for treating symptoms of perennial allergic rhinitis in children between 6 and 23 months of age and for chronic hives in children age 6 months to 5 years. The OTC version is an antihistamine for relieving sneezing, runny nose, itchy and watery eyes and itchy throat and nose due to indoor and outdoor allergies in people ages 2 years old and up. It also relieves itching due to hives in people ages 6 and up.

Wockhardt has announced the launch of azithromycin tablets in the United States.

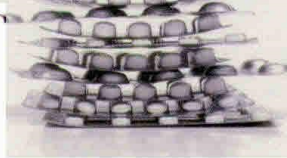
Wockhardt Limited received approval from the Food and Drug Administration to market the tablets in strengths of 250 mg, 500 mg and 600 mg. Approved for treating several infections, it is a generic version of Pfizer's Zithromax.

"Wockhardt is only one of the four companies to have received this approval," Wockhardt chairman Habil Khorakiwala said in a statement. "Development of azithromycin is a reflection of Wockhardt's strong research and development for bulk drugs and formulations."

The total market for azithromycin is \$700 million, according to IMS Health.

In other news, the FDA approved Wockhardt's risperidone tablets, a generic version of Johnson &

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Multisource

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 lenged the definition of multiple-source drugs contained in the original rule July 17, 2007. "We are reviewing the pro-

posed revised rule to ensure that CMS will, in fact, comply with the Medicaid statute. If we determine that the revised rule does not comply with the statute we may need to raise

the issue with the federal court that has jurisdiction over our ongoing lawsuit.

"It is important to note that this revised rule does not eliminate the lawsuit filed by

NACDS and NCPA in November 2007 to block the average manufacturers' price rule, which would drastically cut reimbursement payments to community pharmacies

that serve disadvantaged Americans in the Medicaid program," added the two groups. "The Dec. 19, 2007, injunction against the AMP rule remains in place."

Two other problems remain in the final rules, according to NACDS president and chief executive officer Steve Anderson and NCPA executive vice president and chief executive officer Bruce Roberts. "This rule does not address two other major arguments in the lawsuit," they noted. First, they said, "the AMP rule does not comply with the Social Security Act's definition of AMP." In addition, the two organization leaders added, "the AMP rule improperly applies federal upper limits on reimbursement to non-equivalent drug products."

Thus, Anderson and Roberts said in a joint statement of the organizations, "As we are hopeful for continued success in court, we will continue to encourage Congress to work with pharmacy to find more appropriate models for pharmacy reimbursement for generics under Medicaid."

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Discounts

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 lion in healthcare costs.

But the cost to provide these valuable health benefits could be at a steep price for retailers.

A study sponsored by the National Community Pharmacists Association and the National Association of Chain Drug Stores, conducted by research firm Grant Thornton, determined that the average overhead cost per prescription for retailers is \$10.50. That is before the actual cost of the product is factored in, noted Doug Hoey, chief operating officer of NCPA, which represents the 24,000 independent pharmacies in the United States.

"The \$4-generic is absolutely a loss leader," Hoey said.